



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

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June 9, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROPRIATION ADJUSTMENT TO THE DEPARTMENT
OF HEALTH SERVICES' FISCAL YEAR 2004-05 BUDGET**
(Second District) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the attached Request for Appropriation Adjustment to the Department of Health Services' Southwest Area's Fiscal Year 2004-05 Adjusted Adopted Budget to reflect various refinements in the Martin Luther King, Jr./Drew Medical Center operating plan.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

In approving the recommended action, the Board is increasing Services & Supplies (S&S) appropriation, funded by a reduction in Salaries & Employee Benefits (S&EB) appropriation to align Southwest Area's funding levels to more accurately reflect the anticipated operational costs and revenues for Fiscal Year (FY) 2004-05.

The total projected deficit in S&S is \$3,457,000, and is comprised of \$2,057,000 of unbudgeted services from the Internal Services Department (ISD) and \$1,400,000 for a contract amendment to increase the maximum obligation with Navigant Consulting (Navigant).

ISD services were used to partially correct deficiencies in King/Drew's physical plant as cited by the Joint Commission on Accreditation of Healthcare Organizations during King/Drew's accreditation survey as well as to perform deferred maintenance repairs on plumbing, elevators, walls and ceilings.

On October 19, 2004, the Board approved an Agreement with Navigant Consulting as a result of a Memorandum of Understanding between the County and the Centers for Medicare and Medicaid Services to correct deficiencies at King/Drew.

The maximum obligation for this contract in FY 2004-05 has increased by \$1,400,000 due to Navigant's increased costs, and was approved by the Board on May 10, 2005.

Hiring delays in recruiting positions designated as hard-to-recruit in Pharmacy, Radiology, Information Systems, Emergency Medicine and other areas have resulted in a surplus in S&EB. Surplus from S&EB will be realigned to S&S to cover the above operational changes.

As a result of the above operational changes, an Appropriation Adjustment is required to realign the surplus in Salaries and Employee Benefits (S&EB) to Services and Supplies (S&S).

FISCAL IMPACT/FINANCING:

The attached appropriation adjustment increases Southwest Area's S&S appropriation by \$3,457,000, offset by a \$3,457,000 reduction in S&EB appropriation to reflect anticipated operational costs in FY 2004-05.

This appropriation adjustment does not increase net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Not applicable.

CONTRACTING PROCESS:

Not applicable.

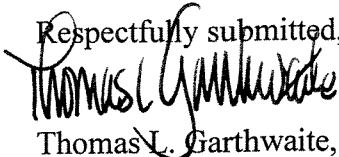
IMPACT ON CURRENT PROGRAM SERVICES (OR PROJECTS):

Not applicable.

The Honorable Board of Supervisors
June 9, 2005
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When approved, this Department requests three copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite", written over the typed name.

Thomas L. Garthwaite, M.D.
Director of Health Services and Chief Medical Officer

TLG:rf

board letter king appropriation adjustment june 2005 06.08.05 235 pm

Attachment (1)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENTDEPT'S.
No.

DEPARTMENT OF

Health Services

June 8,

xx, 2005

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

(3-VOTE)

Fiscal Year 2004-05

Please see attached for details.

Justification:

This Budget Adjustment is to transfer appropriation authority from S&EB to S&S to cover the \$1.4M, incremental Navigant contract obligation and unbudgeted service provided by ISD. The Navigant contract amendment was approved by the Board of Supervisors on May 10, 2005 for supplemental clinical personnel and professional fees. The total amount of the contract amendment is \$1.8M, which includes \$1.4M, for FY 04-05 and \$0.4M, for FY 05-06. The utilization of ISD services to correct deficiencies in the KDMC's physical plant as cited by the Joint Commission of Healthcare Organization during KDMC's accreditation survey. The S&EB surplus is due to hiring delays in recruiting positions designated as hard-to-recruit in Pharmacy, Radiology, Information System, Emergency Medicine and other areas.

EM:ry
06/08/05

Mirain Munoz, Chief

DEAS-Controller's Division

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER FOR—

ACTION

RECOMMENDATION

APPROVED AS REQUESTED

June 9, 2005

AS REVISED

DAVID E. STANSEA
CHIEF ADMINISTRATIVE OFFICER

AUDITOR-CONTROLLER

BY

M. L. Lenz

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

19

No. 370

JUNE 8 2005

BY

DEPUTY COUNTY CLERK

DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2004-05

(3 Votes)

SOURCES:

Southwest Cluster (MLK/D Medical Center) \$ 3,457,000
Salary and Employee Benefits
MN5-HK-60030-1000


USES:

Southwest Cluster (MLK/D Medical Center) \$ 3,457,000
Services and Supplies
MN5-HK-60030-2000

Total \$ 3,457,000

Total \$ 3,457,000

NOTED AND APPROVED



Efrain Munoz, Chief
DHS-Controller's Division

BA #370. JUNE 8, 2005
Helen J. Jorgensen